



**South East Region
Essex Hub Group Meeting
19 January 2023
at
Essex County Council**



Financial sustainability

Functional readiness to meet future challenges

January 2023



Outline

Given the external environment, what can we expect for public finances?

What does the medium term look like for the local government?

What do you need to do to thrive under these challenges?

Expect the unexpected?

Given the external context, what can we expect for public sector finance?

- Little to no extra financial support for the public sector
- Demand and costs for services will increase across all public services
- Expect further volatility and changes in direction and policy
- What is the next shock/unknown?

Questions this raises for your medium term forecasts

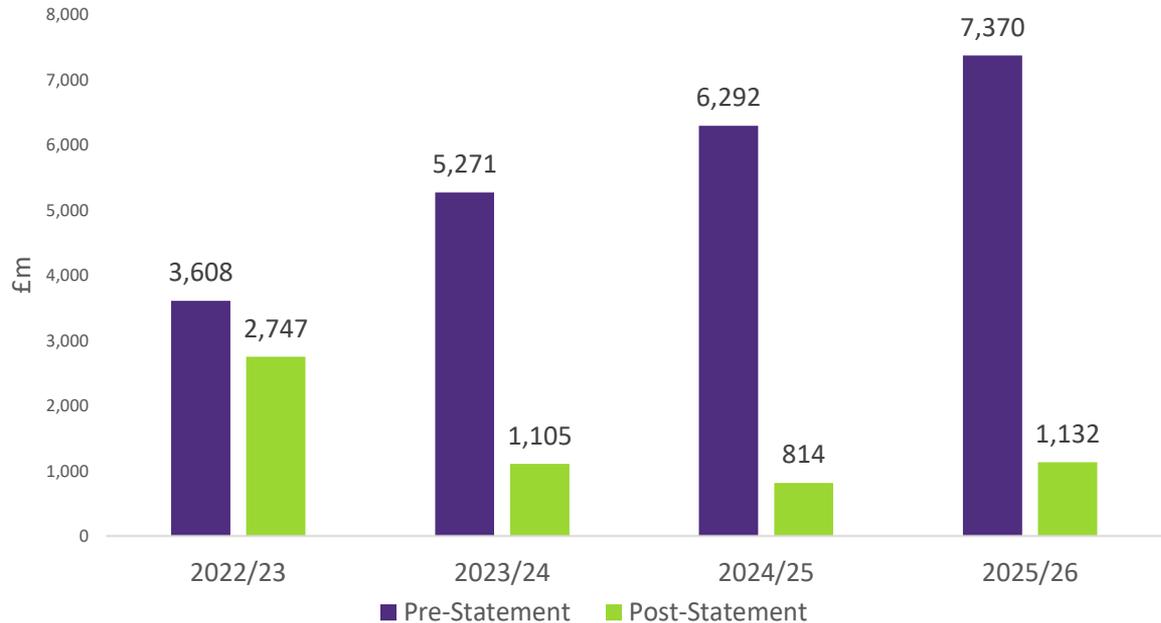
- How reliant is your projections on continued or new grant funding?
- Have you stress tested your model and how would you deal with one-off shocks?
- How fixed is your spend – where can you adapt to changes in policy to take advantage of short term opportunities?
- Are your savings plans aligned to your strategic goals?
- How developed is your conversation with the citizen around prioritisation of future service provision?

Just how difficult is the task ahead?

A significant financial challenge, improved through additional funding

- Funding is better than expected (CSP will exceed 2010/11)
- Yet, it's unlikely to cover all pressures
- Looks better in cash rather than in real terms
- Focus on social care means difficult choices still remain elsewhere
- Cliff edge remains at 25/26
- Improvement highly dependent on take-up of Council Tax increases

Gap between income and expenditure – All Councils



Is your team fighting fit?

Is your finance function ready to meet the challenge ahead?

Finance functions are front and centre to support organisations deliver their strategic objectives within this challenging context.

This has been demonstrated this time and time again through austerity cuts, Covid-19 and cost of living crisis.

However you need to continue to be on top of your game. If not, you risk significant failings across the organisation as a whole.



Cultural and governance issues



Failure to understand and manage the risks associated with external companies



Failure to address and resolve relationship difficulties between senior officers and members



Financial capability and capacity

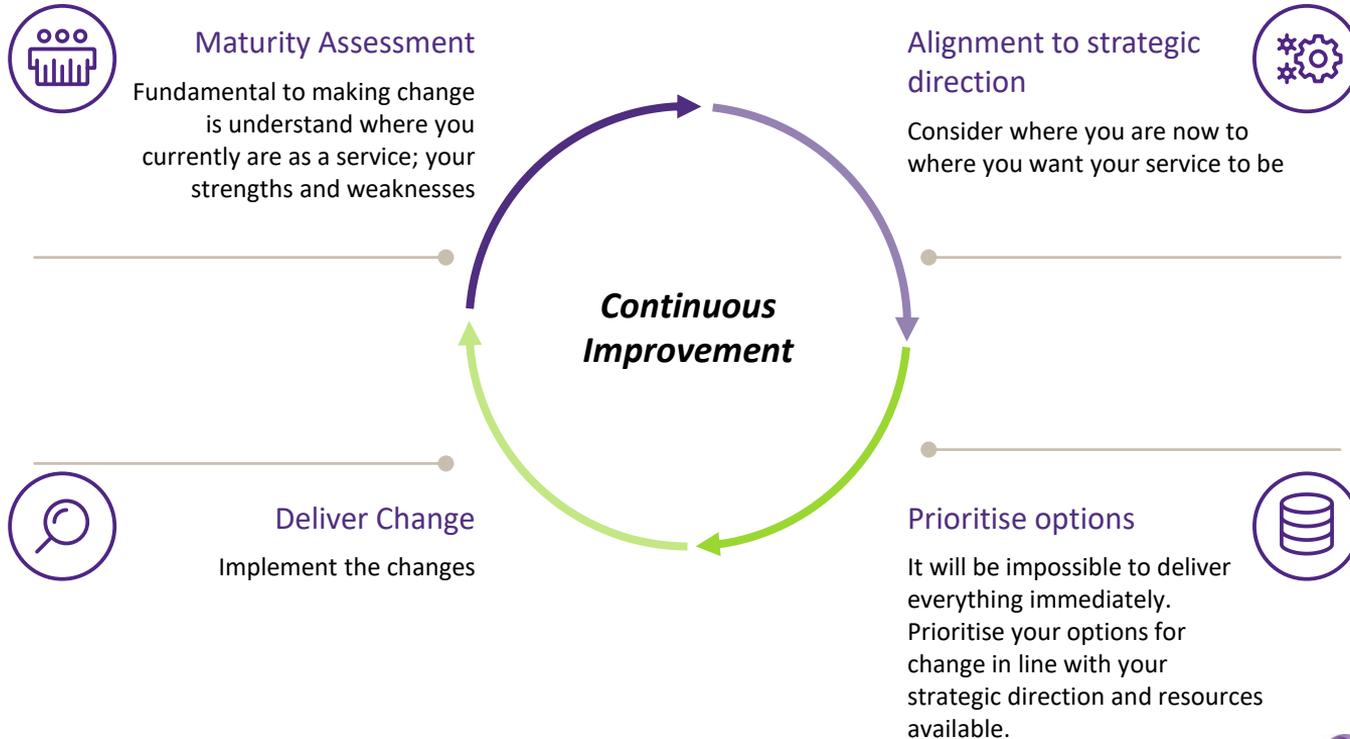


Audit committee effectiveness

What does a high functioning finance team look like?

| Areas | Low maturity | High maturity |
|--|---|---|
|  Strategy | No clarity in what the service offer to organisation is - constantly firefighting and reactive to operational decisions | Has a clear, understandable purpose, vision and offer which directs work driving the organisation forward |
|  Structure and Capabilities | No strategic approach to workforce and delivery of your key services reliant on few “star performers” to meet demands | A pipeline of progression and development of key skills to give high resilience across skills |
|  Digitally enabled delivery | Lots of ad-hoc spreadsheets for data, project management, reports. | Seamless integration being systems accessible through clear front-end |
|  Processes | Disorganised and ad-hoc, dependent on key individuals with no consistency or resilience | Seamlessly operating in the background to provide high quality information to finance and decision makers |
|  Service delivery | Reactive and uncoordinated – how your team interacts with services is inconsistent, with highly mixed customer experience | An agile and proactive team working seamlessly across all finance competencies focussed around high quality customer experience |

How can you get ahead now!



Further Information

Lessons from recent Public Interest Reports | Grant Thornton

<https://www.grantthornton.co.uk/insights/lessons-from-recent-public-interest-reports/>

Local government procurement and contract management: Lessons learned

<https://www.grantthornton.co.uk/insights/local-government-procurement-and-contract-management-lessons-learned/>

Party Conference 2022: What next for local leaders? | Grant Thornton

<https://www.grantthornton.co.uk/insights/opinion-blog/party-conference-2022-what-next-for-local-leaders/>



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